UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: **Chapter 11**

JBL PROPERTIES, INC., Case No.: 16-43604-NHL

Debtor.

SHANNON S. HYPOLITE,

Plaintiff, **Adv. Pro. No: 1-17-01015**

—against—

JBL PROPERTIES, INC., SANFORD "MOSHE" SOLNY, MOSHE L. STEINBERG, YISROEL STEINBERG, SOLOMON FROST, BROCHA FROST, and John Does #1-50 (*fictitious/unknown persons or entities that may have a legitimate claim, interest, or lien in the property*),

Defendants.

ADVERSARY PROCEEDING

JurisGroup, PLLC, attorneys for *Plaintiff*, SHANNON S. HYPOLITE ("HYPOLITE"), respectfully alleges the following:

NATURE OF THE ACTION

1. *Plaintiff* commences this adversary proceeding and requests a declaratory judgment determining: (a) HYPOLITE to be the lawful owner of certain real property identified in the *Debtor's* bankruptcy estate, which it had previously attempted a criminal transfer of by forged deed; and, (b) that all encumbrances on said property existing subsequent to the date of *Debtor's* unlawful recording be invalidated and otherwise deemed null & void.

JURISDICTION & STATUTORY PROVISIONS GOVERNING RELIEF

2. The Court has jurisdiction over this action pursuant to 28 USC §§ 1334(b), 157(a) & (b)(1), and venue in this district is proper under 28 USC § 1409(a).

3. This matter is a core proceeding under 28 USC § 157(b)(2)(B), and the statutory

provisions governing the relief requested include Bankruptcy Codes §§ 541, 548, and Bankruptcy Rule 7001, *et. seq*.

INTERESTED PARTIES

4. HYPOLITE is a citizen of New York and presently resides in Kings County.

5. Upon information & belief, *Debtor*, JBL Properties, Inc. ("JBL") is a company existing under the laws of New York and conducts business in Kings County.

6. Upon information & belief, *Defendants*, SANFORD "MOSHE" SOLNY, MOSHE L. STEINBERG, YISROEL STEINBERG, SOLOMON FROST, and BROCHA FROST are owners, managers, agents and/or affiliates of JBL, and collectively reside in Kings County.

7. JP Morgan Chase Bank N.A. ("Chase Bank") is located at 270 Park Ave., New York, NY 10017-2014, and claims or may claim a mortgage interest in the subject property for the sum of $880,000.00.

STATEMENT OF FACTS

8. On October 12, 2007, HYPOLITE purchased real property & a residence located at 643 E. 53rd St. Brooklyn NY 11236 / Block 4774, Lot 66, Kings County, New York, from Calvin Connell for the sum of $590,000.00 (the "Brooklyn Property"). The Brooklyn Property transaction was completed by deed and lawfully recorded in the Kings County Clerk's Office on October 12, 2007 [copy annexed as **Ex. A**].

9. In 2012, HYPOLITE, acting as landlord, began leasing the Brooklyn Property to third-party tenants to earn passive rental income.

10. Sometime before December 3, 2012, HYPOLITE was introduced to an individual named 'Moshe' to discuss alternative methods of income regarding her Brooklyn Property. On December 3rd, HYPOLITE met with Moshe at JBL Properties, Inc. ("JBL") located in Brooklyn, to discuss facilitating a potential short-sale of the Brooklyn Property.

11. For the ensuing year, HYPOLITE contemplated the prospect of a short-sale of the

Brooklyn Property and spoke with Moshe multiple times by phone with questions and to learn more. Towards the end of 2013, HYPOLITE noticed that Moshe had abruptly stopped calling, and was also no longer returning her calls like he normally had. HYPOLITE discussed Moshe's peculiar sudden change of behavior with a friend, who advised her to conduct a title search of the Brooklyn Property.

12. A title search completed in the beginning of 2014 revealed that the Brooklyn Property had been part of an unauthorized transaction occurring on December 27, 2012, and originally prepared on December 3rd, the date when HYPOLITE and Moshe first met at JBL [copy of fraudulent deed annexed as **Ex. B**].

13. On or about December 27, 2012, a deed for the Brooklyn Property was purportedly executed and delivered conveying title from HYPOLITE to the Debtor without authorization [**Ex. B**].

14. Upon an inspection of the false deed, HYPOLITE observed that signatures purportedly executed by her appearing on pages 2, 7 & 8 were, in fact, forgeries and had been also fraudulently notarized by defendant, YISROEL STEINBERG [**Ex. B**].

15. Upon information & belief, the source of which is Schedule D of *Debtor's* disclosures, Chase Bank claims or may claim a mortgage interest in the subject property for the sum of $880,000.00.

16. At no time did HYPOLITE give authority to, or otherwise intend to sell or transfer the Brooklyn Property to JBL or any other third-person.

17. HYPOLITE's attempts to contact Moshe and/or JBL by phone and text after learning of the unlawful transaction were never returned. Since their initial meeting on December 3, 2012, HYPOLITE never met with Moshe or any other person from JBL to execute a contract of sale or otherwise complete a real property transaction of the Brooklyn Property.

STATEMENT OF PROCEEDINGS

A) *Hypolite v. JBL*, 8243-2015 (Sup. Ct. Queens Co.)

18. The undersigned originally commenced this action for a declaratory judgment and

to quiet title for recovery of the Brooklyn Property in New York State Supreme Court, Kings County, the preferred forum for land-related disputes, and entitled, *Shannon Hypolite v. JBL, et. al.*, 8243-2015 (Sup. Ct. Queens Co.)(the "State Action").

19. Throughout the pendency of the State Action, attorneys for JBL engaged in egregious frivolous conduct designed solely to delay, harass, annoy, and otherwise prevent the action from proceeding to discovery [copy of court history annexed as **Ex. C**].

20. As a threshold matter, neither JBL nor YISROEL STEINBERG properly verified their pleading pursuant to CPLR § 3020(b) in the State Action [copy of answers annexed as **Exs. D** & **E**].

21. On or about August 16, 2016, the State Action was stayed pending the instant Bankruptcy Proceeding [**Ex. C**].

B) Bankruptcy Petition and Motions for Relief From Stay

22. On or about August 10, 2016, *Debtor* filed this Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code (the "Petition").

23. The Hon. Nancy Hershey Lord was appointed as Trustee, and a first Creditors 341(a) meeting was scheduled for September 19, 2016.

24. On Schedule A/B: Assets – Real and Personal Property, at Part 9 of the Petition, the *Debtor* in this Bankruptcy Proceeding alleges that JBL is the lawful owner of the Brooklyn Property and includes it within the Bankruptcy estate.

Count I

25. HYPOLITE repeats & re-alleges ¶¶ 1 – 24.

26. The Brooklyn Property deed, dated September 27, 2012, was forged and is thus void.

27. A forged deed conveys no title and, as such, HYPOLITE retained legal and equitable title to the Brooklyn Property on September 27, 2012 and thereafter.

28. The Brooklyn Property deed was not signed by HYPOLITE or an authorized person.

29. Upon information & belief, the *Debtor*, or someone acting at the defendants' direction, forged HYPOLITE's signature on the Brooklyn Property deed.

30. Upon information and belief, at the alleged closing of the Brooklyn Property on September 27, 2012, JBL and the defendants knew or should have known that the underlying deed was forged and that HYPOLITE was not actually conveying the Brooklyn Property to *Debtor* since, among other things: (a) HYPOLITE was not present at the closing, and (b) YISROEL STEINBERG's acknowledgment of her signature was an event that never occurred.

31. HYPOLITE is entitled to a declaration, pursuant to §§ 506 & 541 of the Bankruptcy Code, that: (i) the Brooklyn Property is not property of the *Debtor's* bankruptcy estate, and (ii) that HYPOLITE is the legal and equitable owner of the Brooklyn Property.

Count II

32. HYPOLITE repeats & re-alleges the allegations stated in ¶¶ 1 – 31.

33. This count is brought pursuant to NYS RPAPL Art. 15, *et. seq.*, seeking to quiet title by: (a) voiding the fraudulent deed, and further (b) voiding all liens & encumbrances, including the Chase Bank mortgage placed on the Brooklyn Property.

34. At all relevant times, HYPOLITE was the legal & equitable owner of the Brooklyn Property.

35. Upon information & belief, the judgment requested herein will not affect any person or persons not in being or ascertained at the commencement of the action, who by any contingency contained in a devise or grant or otherwise, could afterward become entitled to a beneficial estate or interest in the Brooklyn Property; and, furthermore, every person in being who would have been entitled to such estate or interest if such event had happened immediately before the commencement of the action is named as a party hereto.

36. The Brooklyn Property deed, dated September 27, 2012 was a forgery, and therefore, (i) HYPOLITE is the legal and equitable owner of the Brooklyn Property; and, (ii) all liens placed on the Brooklyn Property subsequent to the date of unlawful transfer, September 27, 2012, including the Chase Bank mortgage, are invalid, and otherwise null & void.

37. At no time did JBL or any third-person acquire any valid interest or lien in or to the

Property.

38. Hypolite has no adequate remedy at law and state action was futile.

WHEREFORE, *Plaintiff* demands judgment:

(a) Declaring that the Brooklyn Property is not part of the *Debtor's* bankruptcy estate;

(b) Declaring that HYPOLITE is the sole fee simple owner of the Brooklyn Property;

(c) Declaring the Chase Bank mortgage, and all other liens on the Brooklyn Property subsequent to the date of unlawful recording are invalid, and otherwise null & void;

(d) Directing the Kings County Clerk of New York to restore record title to HYPOLITE;

(e) Declaring that defendants and every person claiming under them be barred from all claims to an estate or interest in the Brooklyn Property; and

(f) For the costs and disbursements of this action and the related New York State Supreme Court Action, including reasonable attorneys' fees; and, for such other & further relief as the Court deems proper.

DATED: New York, New York
February 17, 2017

Respectfully Submitted,

Matthew Goldsmith

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